

DEPARTMENT OF COMMERCE

International Trade Administration

(A-405-803)

Purified Carboxymethylcellulose from Finland; Notice of Preliminary Results of Antidumping Duty Administrative Review

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: In response to requests from Aqualon Company, a division of Hercules Inc., (the petitioner) and respondents CP Kelco OY and CP Kelco U.S., Inc. (collectively, CP Kelco), the Department of Commerce (the Department) is conducting an administrative review of the antidumping duty order on purified carboxymethylcellulose (CMC) from Finland. The review covers exports of the subject merchandise to the United States produced by CP Kelco. The period of review (POR) is July 1, 2007, through June 30, 2008.

We preliminarily find that CP Kelco made sales at less than normal value (NV) during the POR. If these preliminary results are adopted in our final results of this review, we will instruct U.S. Customs and Border Protection (CBP) to assess antidumping duties based on differences between the export price (EP) or constructed export price (CEP) and NV.

EFFECTIVE DATE: (Insert date of publication in Federal Register.)

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SUPPLEMENTARY INFORMATION:

Background

The Department published the antidumping duty order on CMC from Finland on July 11, 2005. See Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, the Netherlands, and Sweden, 70 FR 39734 (July 11, 2005). On July 11, 2008, the Department published the notice of opportunity to request an administrative review of CMC from Finland for the period July 1, 2007, through June 30, 2008. See Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review, 73 FR 39948 (July 11, 2008).

On July 11, 2008, CP Kelco requested an administrative review for July 1, 2007, through June 30, 2008. On July 14, 2008, the petitioner requested a review of CP Kelco for the same period. On August 26, 2008, the Department published in the Federal Register a notice of initiation of this antidumping duty administrative review. See Initiation of Antidumping and Countervailing Duty Administrative Reviews, 73 FR 50308 (August 26, 2008).

On October 3, 2008, the Department issued its standard antidumping questionnaire (the antidumping questionnaire) to CP Kelco. CP Kelco submitted its response to section A of the Department's antidumping questionnaire on September 30, 2008 (CP Kelco's Section A Response). CP Kelco submitted its response to sections B and C of the antidumping questionnaire on October 20, 2008 (CP Kelco's Sections B and C Response). Because the Department disregarded sales at prices below the cost of production in the most recently completed administrative review as of the initiation of the instant review, we are conducting a

sales-at-below-cost investigation in this review. See Purified Carboxymethylcellulose from Finland; Notice of Preliminary Determination of Antidumping Duty Administrative Review, 72 FR 44106 (August 7, 2007) (unchanged in Purified Carboxymethylcellulose from Finland, Notice of Final Results of Antidumping Duty Administrative Review, 72 FR 70568 (December 12, 2007)). Accordingly, CP Kelco submitted its response to section D of the antidumping questionnaire on October 31, 2008 (CP Kelco's Section D Response).

On November 10, 2008, the Department issued a supplemental questionnaire to CP Kelco regarding its responses to sections A, B, and C of the antidumping questionnaire. CP Kelco submitted its response to the Department's supplemental questionnaire on December 2, 2008 (CP Kelco's Supplemental Sections A, B, and C Response).

On January 5, 2009, the Department issued a supplemental questionnaire to CP Kelco regarding its responses to section D of the antidumping questionnaire. CP Kelco submitted its response to the Department's supplemental questionnaire on January 22, 2009 (CP Kelco's Supplemental Section D Response). On January 27, 2009, CP Kelco submitted data and electronic versions of exhibits from CP Kelco's Supplemental Section D Response.

Scope of the Order

The merchandise covered by this order is all purified carboxymethylcellulose (CMC), sometimes also referred to as purified sodium CMC, polyanionic cellulose, or cellulose gum, which is a white to off-white, non-toxic, odorless, biodegradable powder, comprising sodium CMC that has been refined and purified to a minimum assay of 90 percent. Purified CMC does not include unpurified or crude CMC, CMC Fluidized Polymer Suspensions, and CMC that is cross-linked through heat treatment. Purified CMC is CMC that has undergone one or more

purification operations which, at a minimum, reduce the remaining salt and other by-product portion of the product to less than ten percent. The merchandise subject to this order is classified in the Harmonized Tariff Schedule of the United States at subheading 3912.31.00. This tariff classification is provided for convenience and customs purposes; however, the written description of the scope of the order is dispositive.

Fair Value Comparisons

To determine whether sales of CMC in the United States were made at less than NV, we compared U.S. price to NV, as described in the “Export Price,” “Constructed Export Price,” and “Normal Value” sections of this notice. In accordance with section 777A(d)(2) of the Tariff Act of 1930, as amended (the Tariff Act), we calculated monthly weighted-average NVs and compared these to individual U.S. transactions. Because we determined CP Kelco made both EP and CEP sales during the POR, we used both EP and CEP as the basis for U.S. price in our comparisons. We used the invoice date, as recorded in CP Kelco’s normal books and records, as the date of sale for CP Kelco’s EP, CEP, and home market sales. See 19 CFR 351.401(i). For a more detailed discussion of these calculations, see Memorandum from Tyler Weinhold, to the File, “Analysis of Data Submitted by CP Kelco Oy and CP Kelco U.S. Inc. (collectively, CP Kelco) in the Preliminary Results of the 2007-2008 Administrative Review of Purified Carboxymethylcellulose (CMC) from Finland,” dated March 27, 2009 (Preliminary Analysis Memorandum).

Product Comparisons

In accordance with section 771(16) of the Tariff Act, we considered all products produced by CP Kelco covered by the description in the “Scope of the Order” section, above,

and sold in the home market during the POR, to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We relied on five characteristics to match U.S. sales of subject merchandise to home market sales of the foreign like product (listed in order of priority): 1) grade; 2) viscosity; 3) degree of substitution; 4) particle size; and 5) solution gel characteristics. See the antidumping questionnaire at Appendix 5. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of these product characteristics and the reporting instructions listed in the antidumping questionnaire. Because there were sales of identical or similar merchandise in the home market suitable for comparison to each U.S. sale, we did not compare any U.S. sales to constructed value (CV).

Export Price

Section 772(a) of the Tariff Act defines EP as “the price at which the subject merchandise is first sold (or agreed to be sold) before the date of importation by the producer or exporter of subject merchandise outside of the United States to an unaffiliated purchaser in the United States or to an unaffiliated purchaser for exportation to the United States,” as adjusted under section 772(c). In accordance with section 772(a) of the Tariff Act, we used EP for a number of CP Kelco’s U.S. sales. We preliminarily find that these sales are properly classified as EP sales because these sales were made before the date of importation and were sales made directly to unaffiliated U.S. customers, and because our CEP methodology was not otherwise warranted.

We based EP on the prices to unaffiliated customers in the United States. We made adjustments for price or billing adjustments and discounts, where applicable. We also made

deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act, which included, where appropriate, foreign inland freight, international freight, marine insurance, and U.S. brokerage and handling. Additionally, we made adjustments for direct selling expenses (credit expenses) in accordance with section 772(c)(2)(A) of the Tariff Act.

CP Kelco incurred certain expenses as a result of factoring certain sales (i.e., selling the accounts receivable associated with those sales to an affiliated financial institution in exchange for an immediate payment). For factored sales, we made an adjustment to gross unit price based upon the difference between the face value of the accounts receivables factored and the immediate payment received upon the factoring of those receivables (factoring discount).

We reduced movement expenses, where appropriate, by the amount of freight revenue paid by the customer to CP Kelco. In accordance with our practice in the recently completed administrative review of polyethylene retail carrier bags from the People's Republic of China, we capped the amount of freight revenue deducted at no greater than the amount of movement expenses in the home market. See Polyethylene Retail Carrier Bags from the People's Republic of China: Final Results of Antidumping Duty Administrative Review, 74 FR 6857 (February 11, 2009) (Bags from the PRC). As the Department explained in Bags from the PRC, section 772 (c)(1) of the Tariff Act provides that the Department shall increase the price used to establish either export price or constructed export price in only the following three instances: (A) when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the subject merchandise in condition packed ready for shipment to the United States; (B) the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the

subject merchandise to the United States; and (C) the amount of any countervailing duty imposed on the subject merchandise under subtitle A to offset an export subsidy. In addition, section 351.401(c) of the Department's regulations directs the Department to use a price in the calculation of U.S. price which is net of any price adjustments that are reasonably attributable to the subject merchandise. The term "price adjustments" is defined under 19 CFR 351.102(b) as a "change in the price charged for subject merchandise or the foreign like product, such as discounts, rebates, and post-sale adjustments, that are reflected in the purchaser's net outlay."

In past cases, we have declined to treat freight-related revenues as addition to U.S. price under section 772(c) of the Tariff Act or price adjustments under 19 CFR 351.102(b). Rather, we have incorporated these revenues as offsets to movement expenses because they relate to the transportation of subject merchandise. See, e.g., Stainless Steel Wire Rod from Sweden: Preliminary Results of Antidumping Duty Administrative Review, 72 FR 51414 (September 7, 2007) (unchanged in Stainless Steel Wire Rod from Sweden: Final Results of Antidumping Duty Administrative Review, 72 FR 12950 (March 1, 2008)).

Further, our offset practice limits the granting of an offset to situations where a respondent incurs expenses and realized revenue for the same type of activity. See Stainless Steel Wire Rod from Sweden: Preliminary Results of Antidumping Duty Administrative Review, 72 FR 51414, 51415. According to CP Kelco's responses, freight revenues are revenues received from customers for invoice items covering transportation expenses, and arise when freight is not included in the selling price under the applicable terms of delivery, but when CP Kelco arranges and prepays freight for the customer. See CP Kelco's Section B Response at B-25 and CP Kelco's Section C response at C-27. Therefore, we have limited the amount of the

freight revenue used to offset CP Kelco's movement expenses to the amount of movement expenses incurred on the sale of subject merchandise. See Preliminary Analysis Memorandum at page 2.

Constructed Export Price

In accordance with section 772(b) of the Tariff Act, CEP is "the price at which the subject merchandise is first sold (or agreed to be sold) in the United States before or after the date of importation by or for the account of the producer or exporter of such merchandise, or by a seller affiliated with the producer or exporter, to a purchaser not affiliated with the producer or exporter," as adjusted under sections 772(c) and (d) of the Tariff Act. In accordance with section 772(b) of the Tariff Act, we used CEP for a number of CP Kelco's U.S. sales because CP Kelco sold merchandise to affiliate CP Kelco U.S., Inc. in the United States which, in turn, sold subject merchandise to unaffiliated U.S. customers. We preliminarily find that these U.S. sales are properly classified as CEP sales because they occurred in the United States and were made through CP Kelco U.S. Inc. to unaffiliated U.S. customers.

We based CEP on the prices to unaffiliated purchasers in the United States. We made adjustments for price or billing adjustments, early payment discounts, and factoring charges,¹ where applicable. We also made deductions for movement expenses in accordance with section 772(c)(2)(A) of the Tariff Act, which included, where appropriate, foreign inland freight, foreign brokerage and handling, international freight, marine insurance, customs duties, U.S. brokerage, U.S. inland freight, and U.S. warehousing expenses. We also reduced movement expenses, where appropriate, by the amount of freight revenue paid by the customer to CP Kelco. In

¹ See EP section, above.

accordance with our treatment of freight revenue on U.S. sales of subject merchandise (see “Export Price” section, above), we capped the amount of freight revenue deducted at no greater than the amount of movement expenses in the home market. In accordance with section 772(d)(1) of the Tariff Act, we deducted those selling expenses associated with economic activities occurring in the United States, including direct selling expenses (imputed credit expenses), inventory carrying costs, and indirect selling expenses. We also made an adjustment for profit in accordance with section 772(d)(3) of the Tariff Act.

Further-Manufactured U.S. Sales

During the POR, CP Kelco made certain sales of subject merchandise to affiliated companies in the United States. See CP Kelco’s Section A Response at pages B-46 to B-48, and exhibit A-27. This merchandise was subsequently further manufactured by the U.S. affiliates into non-subject merchandise, which was then sold to unaffiliated U.S. customers. See CP Kelco’s Section A Response at pages A-46 to A-48. The total quantity of this material represented less than 10 percent of CP Kelco’s total U.S. sales. Id.

Section 772(e) of the Tariff Act provides that when the value added in the United States by an affiliated party is likely to exceed substantially the value of the subject merchandise, the Department shall use one of the following prices to determine CEP if there is a sufficient quantity of sales to provide a reasonable basis of comparison and the use of such sales is appropriate: (1) the price of identical subject merchandise sold by the exporter or producer to an unaffiliated person; or (2) the price of other subject merchandise sold by the exporter or producer to an unaffiliated person.

In accordance with 19 CFR 351.402 (c)(2), we conducted an analysis to determine

whether the value added to the subject merchandise by the affiliated customers after importation in the United States was at least 65 percent of the price charged to the first unaffiliated purchaser for the merchandise as sold in the United States. See 19 CFR 351.402(c)(2). Our analysis showed that the value added by the affiliated customers was significantly greater than 65 percent. Therefore, we have preliminarily determined that the value added in the United States by the affiliated customers exceeds substantially the value of the subject merchandise. Id. See also CP Kelco's Section A Response at pages A-46 to A-48, and exhibit A-27.

We then considered whether there were sales of identical subject merchandise or other subject merchandise sold in sufficient quantities by the exporter or producer to an unaffiliated person that could provide a reasonable basis of comparison. In this case, there were sales of identical subject merchandise or other subject merchandise sold in sufficient quantities by CP Kelco U.S. to unaffiliated persons that could provide a reasonable basis for calculating CEP for CP Kelco's sales of further manufactured merchandise. See Preliminary Analysis Memorandum at page 1.

Decisions as to the appropriate methodology for determining CEP for sales involving further manufacturing generally must be made on a case-by-case basis. See, e.g., Certain Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea: Notice of Preliminary Results and Partial Rescission of Antidumping Duty Administrative Review, 72 FR 51584, 51586 (September 10, 2007) (unchanged in final results, 73 FR 14220 (March 17, 2008)). In the instant review, we find the quantity of sales of merchandise to unaffiliated customers is sufficiently large to serve as a reasonable basis for the calculation of CEP. The value added to the CMC after importation is very substantial and the further manufacturing very complex.

Therefore, pursuant to 19 CFR 351.402(c)(3), and as in the 2006-2007 review of this order, we have used the preliminary weighted-average dumping margins calculated on sales of other subject merchandise sold to unaffiliated persons to determine the dumping margins for further-manufactures sales. See Purified Carboxymethylcellulose from Finland; Notice of Preliminary Results of Antidumping Duty Administrative Review, 73 FR 45948, 45950 (August 7, 2008) (unchanged in Purified Carboxymethylcellulose from Finland, Final Results of Antidumping Duty Administrative Review, 73 FR 75397 (December 11, 2008)).

Normal Value

A. Selection of Comparison Market

In order to determine whether there was a sufficient volume of sales in the home market to serve as a viable basis for calculating NV (i.e., the aggregate volume of home market sales of the foreign like product was equal to or greater than five percent of the aggregate volume of U.S. sales), we compared the respondent's volume of home market sales of the foreign like product to the volume of U.S. sales of the subject merchandise, in accordance with section 773(a)(1) of the Tariff Act. As CP Kelco's aggregate volume of home market sales of the foreign like product was greater than five percent of its aggregate volume of U.S. sales of the subject merchandise, we determined the home market was viable. Therefore, we have based NV on home market sales in the usual commercial quantities and in the ordinary course of trade.

B. Cost of Production Analysis

In accordance with section 773(b)(2)(A)(ii) of the Tariff Act, we are conducting a sales-below-cost investigation in this review because the Department disregarded some of CP Kelco's sales as having been made at prices below the cost of production in the previous administrative

review. See Purified Carboxymethylcellulose from Finland, Notice of Final Results of Antidumping Duty Administrative Review, 72 FR 70568 (December 12, 2007).

C. Calculation of Cost of Production

In accordance with section 773(b)(3) of the Tariff Act, we calculated the weighted-average cost of production (COP) for each model based on the sum of CP Kelco's materials and fabrication costs for the foreign like product, plus an amount for home market selling, general, and administrative (SG&A) expenses, financial expenses, and packing costs. We relied on the COP data submitted by CP Kelco.

We compared the weighted-average COP of CP Kelco's home market sales to home market sales prices of the foreign like product (net of billing adjustments, discounts, any applicable movement expenses, direct and indirect selling expenses, and packing), as required under section 773(b) of the Tariff Act, in order to determine whether these sales had been made at prices below the COP. In determining whether to disregard home market sales made at prices below the COP, we examined, in accordance with sections 773(b)(1)(A) and (B) of the Tariff Act, whether such sales were made in substantial quantities within an extended period of time, and whether such sales were made at prices which would permit recovery of all costs within a reasonable period of time.

D. Results of the Cost Test

Pursuant to section 773(b)(2)(C) of the Tariff Act, where less than 20 percent of CP Kelco's sales of a given model were at prices less than the COP, we did not disregard any below-cost sales of that model because these below-cost sales were not made in substantial quantities. Where 20 percent or more of CP Kelco's home market sales of a given model were at prices less

than the COP, we disregarded the below-cost sales because such sales were made: (1) within an extended period of time and in “substantial quantities” within the POR, in accordance with section 773(b)(2)(B) and (C) of the Tariff Act, and (2) at prices which would not permit recovery of all costs within a reasonable period of time, in accordance with section 773(b)(2)(D) of the Tariff Act (i.e., the sales were made at prices below the weighted-average per-unit COP for the POR). In this review, we have disregarded such sales from our margin calculation. We used the remaining sales as the basis for determining NV, if such sales existed, in accordance with section 773(b)(1) of the Tariff Act.

E. Price-to-Price Comparisons

We calculated NV based on prices to unaffiliated customers. We made adjustments for billing adjustments, early payment discounts, rebates, and factoring charges,² where appropriate. We made deductions, where appropriate, for foreign inland freight, pursuant to section 773(a)(6)(B) of the Tariff Act. We also reduced foreign inland freight, where appropriate, by the amount of freight revenue paid by the customer to CP Kelco. In accordance with our treatment of freight revenue on U.S. sales of subject merchandise (see “Export Price” section, above), we capped the amount of freight revenue deducted at no greater than the amount of movement expenses in the home market. In addition, when comparing sales of similar merchandise, we made adjustments for differences in cost (i.e., DIFMER), where those differences were attributable to differences in physical characteristics of the merchandise, pursuant to section 773(a)(6)(C)(ii) of the Tariff Act and section 351.411 of the Department’s regulations. We also made adjustments for differences in circumstances of sale (COS) in accordance with section

² See EP section, above.

773(a)(6)(C)(iii) of the Tariff Act and section 351.410 of the Department’s regulations. We made COS adjustments for imputed credit expenses. We also made an adjustment, where appropriate, for the CEP offset in accordance with section 773(a)(7)(B) of the Tariff Act. See “Level of Trade and CEP Offset” section below. Finally, we deducted home market packing costs and added U.S. packing costs in accordance with sections 773(a)(6)(A) and (B) of the Tariff Act.

F. Constructed Value (CV)

In accordance with section 773(a)(4) of the Tariff Act, we base NV on CV if we are unable to find a contemporaneous comparison market match of identical or similar merchandise for the U.S. sale. Section 773(e) of the Tariff Act provides that CV shall be based on the sum of the cost of materials and fabrication employed in making the subject merchandise, SG&A expenses, profit, and U.S. packing costs. We calculated the cost of materials and fabrication for CP Kelco based on the methodology described in the COP section of this notice. In accordance with section 773(e)(2)(A) of the Tariff Act, we based SG&A expenses and profit on the amounts incurred and realized by CP Kelco in connection with the production and sale of the foreign like product in the ordinary course of trade, for consumption in the foreign country. However, for these preliminary results, we did not base NV on CV in any instances.

Level of Trade and CEP Offset

In accordance with section 773(a)(1)(B) of the Tariff Act, to the extent practicable, we base NV on sales made in the comparison market at the same level of trade (LOT) as the export transaction. The NV LOT is based on the starting price of sales in the home market or, when NV is based on CV, on the LOT of the sales from which SG&A expenses and profit are derived.

With respect to CEP transactions in the U.S. market, the CEP LOT is defined as the level of trade of the constructed sale from the exporter to the importer. See section 773(a)(7)(A) of the Tariff Act.

To determine whether NV sales are at a different LOT than CEP sales, we examine stages in the marketing process and selling functions along the chain of distribution between the producer and the customer. See 19 CFR 351.412(c)(2). If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Tariff Act. For CEP sales, if the NV LOT is more remote from the factory than the CEP LOT and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Tariff Act (the CEP offset provision). See, e.g., Final Determination of Sales at Less Than Fair Value: Greenhouse Tomatoes From Canada, 67 FR 8781 (February 26, 2002) and accompanying Issues and Decisions Memorandum at Comment 8; see also Certain Hot-Rolled Flat-Rolled Carbon Quality Steel Products from Brazil; Preliminary Results of Antidumping Duty Administrative Review, 70 FR 17406, 17410 (April 6, 2005) (unchanged in final results of review, 70 FR 58683 (October 7, 2005)). For CEP sales, we consider only the selling activities reflected in the U.S. price after the deduction of expenses incurred in the U.S. and CEP profit under section 772(d) of the Tariff Act. See Micron Technology, Inc. v. United States, 243 F.3d 1301, 1314-1315 (Fed. Cir. 2001). We expect that if the claimed LOTs are the same, the functions and activities of the seller should be similar. Conversely, if a party claims the LOTs

are different for different groups of sales, the functions and activities of the seller should be dissimilar. See Porcelain-on-Steel Cookware from Mexico: Final Results of Antidumping Duty Administrative Review, 65 FR 30068 (May 10, 2000) and accompanying Issues and Decisions Memorandum at Comment 6.

CP Kelco reported it sold CMC to end users and distributors in the home market and to end users and distributors in the United States. CP Kelco identified two channels of distribution for sales in both the home market and the U.S. market: end users (channel 1) and distributors (channel 2). See CP Kelco's Section A Response at page A-16 to A-17, and CP Kelco's Sections B and C Response at pages B-19 to B-20. CP Kelco claims that it does not sell other products at different levels of trade in the home market, including at a level of trade comparable to the CEP level of trade. CP Kelco claims that as a result, it cannot quantify a specific level of trade adjustment within the meaning of section 773(a)(7)(A) of the Tariff Act. Therefore, CP Kelco requests the Department make an adjustment to NV for its CEP sales pursuant to section 773(a)(7)(B) of the Tariff Act (the CEP offset). See CP Kelco's Section A Response at page A-32 to A-33, and CP Kelco's Sections B and C Response at page B-20.

The Department found in the previous review that there was only one LOT in the home market. See Purified Carboxymethylcellulose From Finland; Notice of Preliminary Results of Antidumping Duty Administrative Review, 73 FR 45948, 45953 (August 7, 2008) (unchanged in Purified Carboxymethylcellulose From Finland; Final Results of Antidumping Duty Administrative Review, 73 FR 75397 (December 11, 2008)). Therefore, CP Kelco reported only one level of trade in its home market sales listing. See CP Kelco's Section C Response at page C-20.

As described above, CP Kelco made both direct (EP) sales of subject merchandise to U.S. customers and CEP sales of subject merchandise through its affiliate, CP Kelco U.S., Inc. CP Kelco reported that its EP sales to both end users and distributors were made at the same LOT as sales made to home market end users and distributors. See CP Kelco's Section A Response at page A-33. However, CP Kelco reported that its CEP sales were made at a different LOT. Id. See also, CP Kelco's Sections B and C Response at page B-20.

We obtained information from CP Kelco regarding the marketing stages involved in making its reported home market and U.S. sales. CP Kelco described all selling activities performed, and provided a table comparing the selling functions performed among each channel of distribution for both markets. See CP Kelco's Section A response at pages A-18 to A-31. We reviewed the nature of the selling functions and the intensity to which all selling functions were performed for each home market channel of distribution and customer category and between CP Kelco's EP and home market channels of distribution and customer categories.

While we found differences in the levels of intensity performed for some of these functions between the home market end user and distributor channels of distribution, such differences are minor and do not establish distinct and separate levels of trade in Finland. Based on our analysis of all of CP Kelco's home market selling functions, we find all home market sales were made at the same LOT. Further, we find only minor differences between the sole home market LOT and that of CP Kelco's EP sales. Accordingly, we preliminarily determine CP Kelco's home market and EP sales were made at the same LOT.

We then compared the NV LOT, based on the selling activities associated with the transactions between CP Kelco and its customers in the home market, to the CEP LOT, which is

based on the selling activities associated with the transaction between CP Kelco and its affiliated importer, CP Kelco U.S., Inc. Our analysis indicates the selling functions performed for home market customers are either performed at a higher degree of intensity or are greater in number than the selling functions performed for CP Kelco U.S., Inc. For example, in comparing CP Kelco's selling activities, we find most of the reported selling functions performed in the home market are not a part of CEP transactions (i.e., sales negotiations, credit risk management, collection, sales promotion, direct sales personnel, technical support, guarantees, and discounts). For those selling activities performed for both home market sales and CEP sales (i.e., customer care, logistics, inventory maintenance, packing, and freight/delivery), CP Kelco reported it performed each activity at either the same or at a higher level of intensity in one or both of the home market channels of distribution. For both the packing and the freight/delivery selling functions, each function is performed at the same level of intensity in one home market channel of distribution, but at a lower level of intensity in the other home market channel of distribution.

We note that CEP sales from CP Kelco to CP Kelco U.S., Inc. generally occur at the beginning of the distribution chain, representing essentially a logistical transfer of inventory. In contrast, all sales in the home market occur closer to the end of the distribution chain and involve smaller volumes and more customer interaction which, in turn, require the performance of more selling functions. Based on the foregoing, we conclude that the NV LOT is at a more advanced stage than the CEP LOT.

Because we found the home market and U.S. CEP sales were made at different LOTs, we examined whether a LOT adjustment or a CEP offset may be appropriate in this review. As we found only one LOT in the home market, it was not possible to make a LOT adjustment to home

market sales, because such an adjustment is dependent on our ability to identify a pattern of consistent price differences between the home market sales on which NV is based and home market sales at the LOT of the CEP sales. See 19 CFR 351.412(d)(1)(ii). Furthermore, we have no other information that provides an appropriate basis for determining a LOT adjustment. Because the data available do not form an appropriate basis for making a LOT adjustment, and because the NV LOT is at a more advanced stage of distribution than the CEP LOT, we have made a CEP offset to NV in accordance with section 773(a)(7)(B) of the Tariff Act.

Currency Conversions

CP Kelco reported certain U.S. sales prices and certain U.S. expenses and adjustments in euros. Therefore, we made euro-U.S. dollar currency conversions, where appropriate, based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Board, in accordance with section 773A(a) of the Tariff Act.

Preliminary Results of Review

As a result of our review, we preliminarily find the following weighted-average dumping margin exists for the period July 1, 2007, through June 30, 2008:

<u>Manufacturer / Exporter</u>	<u>Weighted Average Margin (percentage)</u>
CP Kelco	11.94%

The Department will disclose calculations performed within five days of the date of publication of this notice in accordance with section 351.224(b) of the Department's regulations. An interested party may request a hearing within thirty days of publication. See section 351.310(c) of the Department's regulations. Any hearing, if requested, will be held 37 days after the date of publication, or the first business day thereafter, unless the Department alters the date

pursuant to section 351.310(d) of the Department's regulations. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. At the hearing, each party may make an affirmative presentation only on issues raised in that party's case brief and may make rebuttal presentations only on arguments included in that party's rebuttal brief.

Comments

Interested parties may submit case briefs no later than 30 days after the date of publication of these preliminary results of review. See 19 CFR 351.309(c). Rebuttal briefs, limited to issues raised in the case briefs, may be filed no later than 35 days after the date of publication of this notice. See 19 CFR 351.309(d). Parties who submit arguments in these proceedings are requested to submit with the argument: 1) a statement of the issue; 2) a brief summary of the argument; and 3) a table of authorities. Further, parties submitting written comments should provide the Department with an additional copy of the public version of any such comments on diskette. The Department will issue final results of this administrative review, including the results of our analysis of the issues in any such written comments or at a hearing, within 120 days of publication of these preliminary results.

Assessment Rates

The Department shall determine, and CBP shall assess, antidumping duties on all appropriate entries. Upon completion of this administrative review, pursuant to section 351.212(b) of the Department's regulations, the Department will calculate an assessment rate on all appropriate entries. CP Kelco has reported entered values for all of its sales of subject merchandise to the U.S. during the POR. Therefore, in accordance with section 351.212(b)(1) of

the Department's regulations, we will calculate importer-specific duty assessment rates on the basis of the ratio of the total amount of antidumping duties calculated for the examined sales to the total entered value of the examined sales of that importer. These rates will be assessed uniformly on all entries the respective importers made during the POR. Where the assessment rate is above de minimis, we will instruct CBP to assess duties on all entries of subject merchandise by that importer. The Department will issue appropriate assessment instructions directly to CBP fifteen days after publication of the final results of review.

The Department clarified its "automatic assessment" regulation on May 6, 2003. See Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties, 68 FR 23954 (May 6, 2003). This clarification will apply to entries of subject merchandise during the POR produced by the respondent for which it did not know its merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate un-reviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. Id.

Cash Deposit Requirements

Furthermore, the following deposit requirements will be effective upon completion of the final results of this administrative review for all shipments of CMC from Finland entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Tariff Act: 1) the cash deposit rate for CP Kelco will be the rate established in the final results of review; 2) if the exporter is not a firm covered in this review or the less-than-fair-value (LTFV) investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and 3) if neither the exporter nor the manufacturer is a

firm covered in this or any previous review conducted by the Department, the cash deposit rate will be the all-others rate of 6.65 percent ad valorem from the LTFV investigation. See Notice of Antidumping Duty Orders: Purified Carboxymethylcellulose from Finland, Mexico, the Netherlands and Sweden, 70 FR 39734 (July 11, 2005). These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double the antidumping duties.

We are issuing and publishing this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Tariff Act.

Ronald K. Lorentzen
Acting Assistant Secretary
for Import Administration

Date